

Present §20(b) (2) is deleted as unnecessary since it duplicates present §20(d) and is reflected in the introductory phrase of subsection (b) (2) of this section.

This section contains the basic rules governing the power of a corporation to issue stock. Sec. 2-203 details the procedure to be followed by the board in authorizing stock issuance.

The only other changes are in style.

2-205. PREEMPTIVE RIGHTS.

(A) CIRCUMSTANCES IN WHICH PREEMPTIVE RIGHTS DO NOT ACCRUE.

UNLESS THE CHARTER PROVIDES OTHERWISE, A STOCKHOLDER DOES NOT HAVE ANY PREEMPTIVE RIGHTS WITH RESPECT TO:

(1) STOCK ISSUED TO OBTAIN ANY OF THE CAPITAL REQUIRED TO INITIATE THE CORPORATE ENTERPRISE;

(2) STOCK ISSUED FOR AT LEAST ITS FAIR VALUE IN EXCHANGE FOR CONSIDERATION OTHER THAN MONEY;

(3) STOCK REMAINING UNSUBSCRIBED FOR AFTER BEING OFFERED TO STOCKHOLDERS;

(4) TREASURY STOCK SOLD FOR AT LEAST ITS FAIR VALUE;

(5) STOCK ISSUED OR ISSUABLE UNDER ARTICLES OF MERGER;

(6) STOCK WHICH IS NOT PRESENTLY ENTITLED TO BE VOTED IN THE ELECTION OF DIRECTORS ISSUED FOR AT LEAST ITS FAIR VALUE;

(7) STOCK, INCLUDING TREASURY STOCK, ISSUED TO AN OFFICER OR OTHER EMPLOYEE OF THE CORPORATION OR ITS SUBSIDIARY ON TERMS AND CONDITIONS APPROVED BY THE STOCKHOLDERS BY THE AFFIRMATIVE VOTE OF TWO-THIRDS OF ALL THE VOTES ENTITLED TO BE CAST ON THE MATTER; AND

(8) ANY OTHER ISSUANCE OF SHARES IF THE APPLICABILITY OF PREEMPTIVE RIGHTS IS IMPRACTICABLE.

(B) FAIR VALUE.

IN THE ABSENCE OF ACTUAL FRAUD OR GROSS DISPARITY IN THE DETERMINATION, THE FAIR VALUE OF STOCK DETERMINED BY